



THOMAS L. GARTHWAITE, M.D.
Director and Chief Medical Officer

FRED LEAF
Chief Operating Officer

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES
313 N. Figueroa, Los Angeles, CA 90012
(213) 240-8101

BOARD OF SUPERVISORS

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January 6, 2005

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**APPROVAL OF AMENDMENT NO. 3 FOR OVERFLOW MEDICAL TRANSCRIPTION
SERVICES AGREEMENT NO. H-209835 WITH MEDTEXT, INC.**
(First Districts) (3 Votes)

IT IS RECOMMENDED THAT YOUR BOARD:

Approve and instruct the Director of Health Services, or his designee, to sign Amendment No. 3, substantially similar to Exhibit I, with MedText, Inc. for continued overflow medical transcription services at the LAC+USC Healthcare Network, to extend the agreement on a month-to-month basis under current rates of payment, effective February 1, 2005 through July 31, 2005. The maximum obligation for the six-month extension period is \$300,000.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

This extension with MedText, Inc. (MedText) allows for the continued provision of overflow medical transcription services for the LAC+USC Healthcare Network (Network or Medical Center).

The Department of Health Services (DHS) intended to include the services provided under this agreement as part of the Master Agreement solicitation process. However, DHS decided to forego the Master Agreement and is currently in the process of developing an Invitation for Bids (IFB) for these services. The term extension will allow time to complete the IFB.

The current agreement is scheduled to expire on January 31, 2005.

FISCAL IMPACT/FINANCING:

Amendment No. 3 to agreement H-209835 will be effective February 1, 2005 through July 31, 2005, with a maximum net County cost of \$300,000. This is an increase of \$100,500 over the previous six-month period and results from an anticipated major increase in discharge summaries that must be transcribed pursuant to the new implementation of the Affinity Healthnotes System. The rates per line remain unchanged.

Funding for this agreement extension is included in the Fiscal Year (FY) 2004-05 Adopted Budget and will be requested in the FY 2005-06 Budget Request.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

On August 4, 1998, the Board approved Agreement No. H-209835 with MedText to provide overflow medical transcription services at the Medical Center, effective August 1, 1998 through July 31, 1999, with provisions for three one-year automatic renewals through July 31, 2002. The agreement also authorized the Director of Health Services (Director) to enter into a six-month term extension and this option was utilized to extend the agreement through January 31, 2003.

On January 21, 2003, the Board approved Amendment No. 1 which extended the agreement through January 31, 2004, updated the standard County contract provisions, and authorized an increase of approximately \$22,250 to the contract amount.

On January 13, 2004, the Board approved Amendment No. 2 which extended the agreement through January 31, 2005 and updated the contract provisions with regard to safely surrendered baby law requirements.

The service provisions under this agreement include transcription of medical records, surgical reports and discharge summaries in compliance with accreditation standards and licensure requirements.

In July 2003, the Director provided the Board with a list of performance measures that the Department had developed for implementation. Among these measures was the capability to electronically record all discharge summaries within 30 days for all patients. The Department uses the Healthnotes component of the Affinity System for this purpose. The Medical Center only recently acquired the Healthnotes component and will begin implementation immediately. Previously, the Medical Center was only transcribing discharge summaries for psychiatric and trauma services. As a result of the anticipated increase in the number of lines transcribed, the estimated contract sum was increased.

The Department was unable to meet the requirement of filing three weeks in advance of the Board hearing date because of the need to estimate the additional costs associated with the transcription of all discharge summaries as required by the new performance measure.

The agreement can be terminated at any time by the County providing a 30-day written notice.

Contract monitoring functions will be performed by Health Information Management staff at the Medical Center.

The services under this Agreement are provided on an overflow, as-needed basis, and it has been determined that they do not fall under Proposition A guidelines and are not subject to the provisions of the County's Living Wage Program.

County Counsel has approved Amendment No. 3 as to form.

Attachment A provides additional information.

CONTRACTING PROCESS:

In February 1997, MedText was selected from three proposers who submitted bids in response to the Department's Request for Proposal (RFP) for Overflow Medical Transcription Services.

DHS was scheduled to conduct a Request for Statement of Qualifications (RFSQ) for the purpose of developing a Master Agreement and anticipated the release of the RFSQ mid-year 2004. However, DHS has determined that these services should be released as an IFB.

The Honorable Board of Supervisors
January 6, 2005
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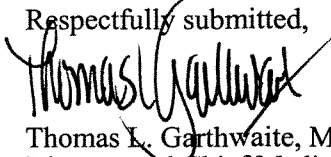
The IFB is targeted for release in February 2005. The IFB will be advertised on the Office of Small Business' Countywide Web Site (OSB).

IMPACT ON CURRENT SERVICES (OR PROJECT):

Approval of the amendment will provide the continued provision of overflow medical transcription services to the Healthcare Network.

When approved, this Department requires three signed copies of the Board's action.

Respectfully submitted,



Thomas L. Garthwaite, M.D.
Director and Chief Medical Officer

TLG:ks

Attachments

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors

(J:\WP\BLET\MedTransBL.ks.wpd)

ATTACHMENT A

SUMMARY OF AGREEMENT

1. TYPE OF SERVICE:

Overflow medical transcription services for the LAC+USC Healthcare Network.

2. AGENCY NAME AND CONTACT PERSON:

MedText, Inc.
1850 Dove Street
Newport, California 92660
Attention: Jerry Woods, President
Telephone: (949) 399-9216

3. TERMS:

The amendment will extend Agreement No. H-209835 for six months on a month-to-month basis effective February 1, 2005 through July 31, 2005.

The complete contract term of the agreement is August 1, 1998 through July 31, 2005.

4. FINANCIAL INFORMATION:

Funding for this agreement is included in the FY 2004-05 Adopted Budget and will be requested as part of the DHS FY 2005-06 Budget Request. The total maximum cost for the six-month extension is \$300,000 net County cost.

5. GEOGRAPHIC AREA SERVED:

LAC+USC Healthcare Network

6. ACCOUNTABLE FOR MONITORING AND EVALUATION:

Pete Delgado, Administrator

7. APPROVALS:

LAC+USC Healthcare Network: Pete Delgado

Contract Administration: Irene E. Riley, Director

Contracts and Grants Division: Cara O'Neill, Chief

County Counsel: Christina Salseda, Deputy County Counsel

OVERFLOW MEDICAL TRANSCRIPTION SERVICES AGREEMENT

MEDTEXT, INC.

AMENDMENT NO. 3

THIS AMENDMENT is made and entered into this _____ day
of _____, 2005

by and between the

COUNTY OF LOS ANGELES
(hereafter "County"),

and

MEDTEXT, INC., (hereafter
"Contractor").

WHEREAS, reference is made to that certain document entitled
"OVERFLOW MEDICAL TRANSCRIPTION SERVICES AGREEMENT", dated August
4, 1998, and further identified as County Agreement No. H-210754,
Amendment No. 1. thereto dated January 21, 2003, and Amendment
No. 2 thereto dated January 13, 2004 (hereafter referred to as
"Agreement"); and

WHEREAS, it is the intent of the parties hereto to amend
Agreement to extend its term and to make the changes described
hereinafter; and

WHEREAS, said Agreement provides that changes may be made in
the form of a written amendment which is formally approved and
executed by the parties.

NOW, THEREFORE, the parties hereby agree as follows:

1. This Amendment shall become effective February 1, 2005.

2. Paragraph 1., "TERM AND TERMINATION", of the body of this Agreement shall be deleted in its entirety and shall be replaced with the following:

"1. TERM AND TERMINATION: This Agreement shall be extended on a month-to-month basis for a period not to exceed six (6) months, unless cancelled or terminated, through 12:00 A.M. on August 1, 2005 under current terms and conditions and under rates of payment which existed on January 31, 2005.

Notwithstanding any other provision of this Paragraph, the failure of Contractor or its officers, employees, or agents to comply with the terms of this Agreement or any directions by or on behalf of County issued pursuant hereto shall constitute a material breach hereof and this Agreement may be terminated immediately. County's failure to exercise this right of termination shall not constitute a waiver of such right, which may be exercised at any subsequent time."

3. Paragraph 4, "BILLING AND PAYMENT", shall be amended to change reference to "Exhibit C-2, (Payment)" to read as "Exhibit C-3, (Payment)".

4. Paragraph 55, "CONTRACTOR'S WARRANTY OF ADHERENCE TO COUNTY'S CHILD SUPPORT COMPLIANCE PROGRAM", of the body of this Agreement shall be deleted in its entirety and replaced to read as follows:

"55. CONTRACTOR'S WARRANTY OF ADHERENCE TO COUNTY'S CHILD SUPPORT COMPLIANCE PROGRAM: Contractor acknowledges that County has established a goal of ensuring that all individuals who benefit financially from County through contract are in compliance with their court-ordered child, family, and spousal support obligations in order to mitigate the economic burden otherwise imposed upon County and its taxpayers.

As required by County's Child Support Compliance Program (County Code Chapter 2.200) and without limiting Contractor's duty under this Agreement to comply with all applicable provisions of law, Contractor warrants that it is now in compliance and shall during the term of this Agreement maintain in compliance with employment and wage reporting requirements as required by the federal Social Security Act {(42 USC Section 653 (a)} and California Unemployment Insurance Code Section 1088.55, and shall implement all lawfully served Wage and Earnings Withholdings Orders or Child Support Services Department ("CSSD") Notices of Wage and Earnings Assignment for Child, Family, or Spousal Support, pursuant to Code of Civil Procedure section 706.031 and Family Code Section 5246 (b)."

5. Paragraph 56, "TERMINATION FOR BREACH OF WARRANTY TO MAINTAIN COMPLIANCE WITH COUNTY'S CHILD SUPPORT COMPLIANCE

PROGRAM", of the body of this Agreement shall be deleted in its entirety and shall be replaced to read as follows:

"56. TERMINATION FOR BREACH OF WARRANTY TO MAINTAIN COMPLIANCE WITH COUNTY'S CHILD SUPPORT COMPLIANCE PROGRAM:
Failure of Contractor to maintain compliance with the requirements set forth in Paragraph 55, "CONTRACTOR'S WARRANTY OF ADHERENCE TO COUNTY'S CHILD SUPPORT COMPLIANCE PROGRAM", shall constitute default by Contractor under this Agreement. Without limiting the rights and remedies available to County under any other provision of this Agreement failure of Contractor to cure such default within ninety (90) calendar days of written notice shall be grounds upon which County may terminate this contract pursuant to Paragraph 22, "TERMINATION FOR DEFAULT" of this Agreement, and pursue debarment of Contractor, pursuant to County Code Chapter 2.202."

6. Paragraph 57, "CONTRACTOR'S ACKNOWLEDGMENT OF COUNTY'S COMMITMENT TO CHILD SUPPORT ENFORCEMENT", of the body of this Agreement shall be deleted in its entirety and shall be intentionally left blank.

7. Paragraph 59, "CONTRACTOR RESPONSIBILITY AND DEBARMENT", of the body of this Agreement shall be deleted in its entirety and shall be replaced to read as follows:

"59. CONTRACTOR RESPONSIBILITY AND DEBARMENT:

A. A responsible Contractor is a Contractor who has demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity, and experience to satisfactorily perform the contract. It is County's policy to conduct business only with responsible contractors.

B. Contractor is hereby notified that, in accordance with Chapter 2.202 of the County Code, if County acquires information concerning the performance of Contractor on this or other contracts which indicates that Contractor is not responsible, County may, in addition to other remedies provided in the contract, debar Contractor from bidding or proposing on, or being awarded, and/or performing work on County contracts for a specified period of time not to exceed three (3) years, and terminate and or all existing contracts Contractor may have with County.

C. County may debar Contractor if the Board of Supervisors finds, in its discretion, that Contractor has done any of the following: (1) violated a term of a contract with County or a nonprofit corporation created by the County, (2) committed an act or omission which negatively reflects on Contractor's quality, fitness or

capacity to perform a contract with County or any other public entity, or a nonprofit corporation created by County, or engaged in a pattern or practice which negatively reflects on same, (3) committed an act or offense which indicates a lack of business integrity or business honesty, or (4) made or submitted a false claim against County or any other public entity.

D. If there is evidence that Contractor may be subject to debarment, the Department will notify Contractor in writing of the evidence which is the basis for the proposed debarment and will advise Contractor of the scheduled date for a debarment hearing before the Contractor Hearing Board.

E. The Contractor Hearing Board will conduct a hearing where evidence on the proposed debarment is presented. Contractor and/or Contractor's representative, or both, shall be given an opportunity to submit evidence at that hearing. After the hearing, the Contractor Hearing Board shall prepare a tentative proposed decision, which shall contain a recommendation regarding whether Contractor should be debarred, and, if so, the appropriate length of time of the debarment. Contractor and the Department shall be provided an opportunity to object to the tentative proposed decision

prior to its presentation to the Board of Supervisors.

F. After consideration of any objections, or if no objections are submitted, a record of the hearing, the proposed decision and any other recommendation of the Contractor Hearing Board shall be presented to the Board of Supervisors. The Board of Supervisors shall have the right to modify, deny or adopt the proposed decision and recommendation of the Hearing Board.

G. These terms shall also apply to any subcontractors of Contractors."

8. Except for the changes set forth hereinabove, Agreement shall not be changed in any other respect by this Amendment.

IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be subscribed by its

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Director of Health Services, and Affiliate has caused this Amendment to be subscribed in its behalf by its duly authorized officers, the day, month, and year first above written.

COUNTY OF LOS ANGELES

By _____
Thomas L. Garthwaite, M.D.
Director and Chief Medical
Officer

MEDTEXT, INC.
Contractor

By _____
Signature

Printed Name

Title _____
(AFFIX CORPORATE SEAL HERE)

APPROVED AS TO FORM
RAYMOND G. FORTNER
COUNTY COUNSEL

By: _____
County Counsel

APPROVED AS TO CONTRACT
ADMINISTRATION:

Department of Health Services

By _____
Irene E. Riley, Director
Contract Administration

ks:01/06/5

PAYMENT

Subject to the payment provisions of the body of this Agreement, County shall compensate Contractor hereunder as follows:

- A. Contractor shall bill County at the following fees per transcribed line for the period February 1, 2005 through July 31, 2005.

<u>RATE PER</u> <u>TRANSCRIBED LINE</u>	<u>BACK-UP</u> <u>DICTATION SYSTEM</u>
\$0.1700	\$0.1700

- B. Contractor shall submit to County on a monthly basis an itemized bill, indicating the total number of transcribed lines performed during the month immediately preceding the month in which the billing is submitted. Billings shall be submitted to Medical Center as follows:

County of Los Angeles
Department of Health Services
LAC+USC Healthcare Network
Expenditure Management
1200 North State Street
Los Angeles, California 90033

- C. A transcribed line shall constitute any and all typed characters within a seven (7) inch margin, exclusive of pre-programmed lines: e.g., headers, footers, macros, not requiring character entries. All transcription shall be typed with a ten (10) pitch element.